

Message Text

SECRET

PAGE 01 STATE 110053
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

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FM SECSTATE WASHDC
TO AMEMBASSY LIMA IMMEDIATE
INFO AMEMBASSY BONN IMMEDIATE

S E C R E T STATE 110053

EXDIS

E.O. 11652:GDS

TAGS: MASS, EFIN, EAID, PE, GW

SUBJECT: THE NAVY AND PERU'S FINANCIAL CRISIS

REFERENCE: LIMA 3639

1. IN YOUR DISCRETION, YOU MAY SAY TO APPROPRIATE
PERUVIAN OFFICIALS THAT USG WELCOMES INDICATIONS OF
PERUVIAN NAVY DECISION IN REF TO DEFER CONSTRUCTION OF AND
PAYMENT FOR TWO OF THE FOUR SUBMARINES UNDER ORDER FROM
WEST GERMANY (PROVIDING ARRANGEMENTS CAN BE WORKED OUT
WITH GERMAN SHIPBUILDERS) AND SLOWDOWN OF ITALIAN FRIGATE
CONSTRUCTION. WE PRESUME DEFERRAL IF WORKED OUT WOULD BE
FOR A PERIOD LONG ENOUGH TO PROVIDE SIGNIFICANT HELP IN

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PERU'S DEBT PROJECTIONS. WE RECOGNIZE THIS IS ABOUT ALL
WE MIGHT REALISTICALLY EXPECT THE PERUVIAN NAVY TO DO
WITHOUT THE APPLICATION OF FURTHER PRESSURE THAT MIGHT TAX
TO AN UNACCEPTABLE DEGREE NAVY SUPPORT FOR GOVERNMENT.
DEFERRAL OF DELIVERY OF THE TWO SUBMARINES MAY LESSEN THE
PERCEPTION OF THREAT BY PERU'S NEIGHBORS AS WELL AS LIGHTEN
THE FINANCIAL BURDEN.

2. DEPARTMENT IS NOW MOVING TO CLEAR TRANSFER TO PERU
UNDER FMS CREDIT OF SINGER TORPEDO FIRE-CONTROL SYSTEMS
FOR OLD US SUPPLIED SUBMARINES. WILL

ADVISE OUTCOME OF USG-WIDE CONSIDERATION OF CASE AS
SOON AS CONCLUDED.

3. REFTTEL BEING REPEATED TO EMBASSY BONN FOR ITS
INFORMATION ONLY. EMBASSY LIMA REQUESTED TO KEEP
BONN INFORMED OF FURTHER DEVELOPMENTS IN THIS
ISSUE. (WE ARE ALSO REPEATING TO BONN LIMA 3625
REPORTING THAT GOP NOW THINKING OF ASKING WEST
GERMANS TO HOST THE DEBT RESCHEDULING CONFERENCE
WHICH PERU HAS INTENTION OF CALLING IN RELATIVELY
NEAR FUTURE.) VANCE

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NNN

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